

**Congress of the United States**  
**Washington, DC 20515**

July 11, 2006

Stephen J. Wright  
Administrator  
Bonneville Power Administration (BPA)  
905 NE 11<sup>th</sup> Avenue  
Portland, OR 97232

Dear Steve:

We are writing to commend you for your efforts to reduce rates in the coming rate period and to encourage you again to maximize cost savings in order to ensure the lowest possible rate.

We strongly supported the inclusion of language in this year's supplemental appropriations bill that prohibits BPA from redirecting revenues from secondary sales to the U.S. Treasury, thus avoiding a 10 percent increase in BPA's power rates, and the consequent burden on our constituents. While we are pleased with that outcome, it should not detract from efforts to ensure that BPA's pending power rates for the Fiscal Year 2007 through 2009 period are as low as reasonably possible.

As you are aware, high energy costs continue to have a negative impact on the everyday lives of residents in our region and, more broadly, the regional economy. We are dedicated to finding any and all ways to reduce the burden of high energy costs. We believe that as the supplier of 40 percent of the electricity needs in the Pacific Northwest, Bonneville has a unique opportunity and responsibility to help alleviate this burden.

We are pleased that BPA has secured a ruling from the Internal Revenue Service relating to the direct-pay arrangement with Energy Northwest. This enables a 5 percent rate reduction – approximately \$1.50 per megawatt hour – from the initial proposal, a significant achievement. In addition, we congratulate both BPA and the public power community for the commitment to customer prepayment, which should result in an additional reduction of at least \$1 per megawatt hour from the initial rate proposal. These innovative tools, coupled with the additional reductions identified through the Power Function Review II process, are encouraging. We look forward to the announcement of a significant rate reduction from BPA's initial proposal.

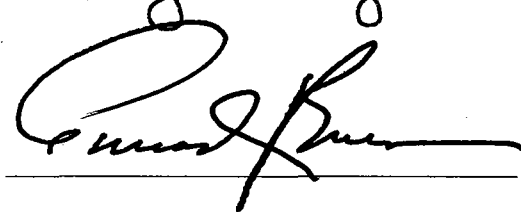
In order to ensure that Bonneville's rates are set at the lowest reasonable level for the FY 2007 through 2009 period, we urge you to continue all steps available to make prudent cost reductions including, but not limited to, reevaluating your ability to reduce internal costs. We understand that you have the ability to increase BPA's cost reduction target by an additional \$4 million annually. While this additional reduction may have only a nominal impact on power rates, all reductions have value for the region and are critical to the Northwest economy.

We urge you to continue to seek these cost reductions, rather than shifting reserve levels or a temporary reduction in rates that will be offset by an increased likelihood of a contingent rate adjustment triggering. Our hope is that the mix of base rates, contingent rate adjustments and reserves will result in the lowest overall cost to ratepayers.

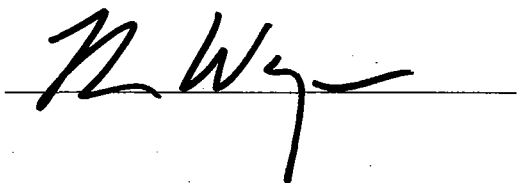
We understand that achieving additional costs reductions at this juncture will be difficult. However, given the importance of achieving the lowest reasonable rate, we support your efforts to implement every available measure toward that objective and to maintain a culture of cost consciousness throughout the rate period.

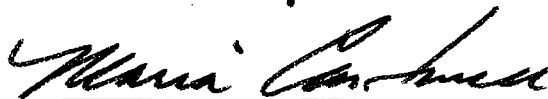
We look forward to your final FY 2007- 2009 power rate announcement later this summer.

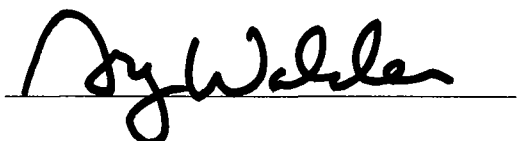
Sincerely,

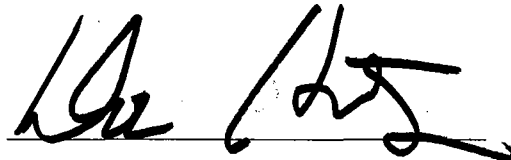
Patty Murray  








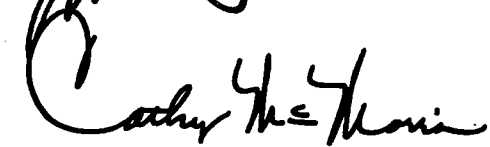














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